

Message Text

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43

ACTION EB-07

INFO OCT-01 ARA-06 ISO-00 AGR-05 CEA-01 CIAE-00 COME-00

DODE-00 FRB-03 H-02 INR-07 INT-05 L-03 LAB-04 NSAE-00

NSC-05 PA-01 AID-05 CIEP-01 SS-15 STR-04 ITC-01

TRSE-00 USIA-06 PRS-01 SP-02 FEAE-00 OMB-01 XMB-02

OPIC-03 /091 W

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P 271620Z FEB 76

FM AMEMBASSY GUATEMALA

TO SECSTATE WASHDC PRIORITY 546

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E.O. 11652: NA

TAGS: ETRD, EAGR

SUBJ: CONGRESSIONAL HEARINGS ON COFFEE PRICE INCREASE

REF: STATE 034044

(A) INTERNAL RETAIL COFFEE PRICES AS CONTROLLED BY GOG WERE
CHANGED BY GOVERNMENTAL DECREE IN NOVEMBER 1975 FROM PREVIOUS
AUTHORIZED LEVEL AS FOLLOWS:

QUALITY	PRE FROST	POST FROST
---U.S. \$ PER POUNBXAAAA		

REGUALR	0.72	0.90
FIRST CLASS	0.88	1.00
EXTRA	0.93	1.06

THIS INCREASE IN LOCAL RETAIL PRICE RESULTS PRINCIPALLY FROM
A GOG ALLOWANCE TO A CERTAIN DEGREE OF PARITY WITH EXPORT MARKET
PRICE LEVELS.

(B) DOMESTIC ROASTERS AND PROCESSORS(WHO PURCHASE LOWER QUALITY
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GREEN COFFEES) PAID 32 TO 46 CENTS PER POUND BEFORE THE

FROST AND 40 TO 55 AFTER.

(C) THERE ARE NO REPEAT NO NEW GOG MEASURES TO RESTRICT OR
ENCOURAGE EXPORTS FROM PRE-FROST POLICIES.

(D) PRE AND POST-FROST AVERAGE PRICES PAID TO COFFEE PRODUCERS

FOR PRE FROST POST FROST

---U.S. CENTS PER POUND----

GREEN EXPORT

COFFEE 46 55

PARCHMENT 36 43

(E) THERE ARE NO REPEAT NO NEW COFFEE PRODUCTION INCENTIVES
SINCE THE FROST. A PROJECT DEVELOPED BY ANACAFE IS UNDER
REVIEW BY TNE NATIONAL ECONOMIC COMMISSION AND CENTRAL
BANK. THIS PROJECT BASICALLY PROPOSES IMPROVED CREDIT
FACILITES-LONG TERM LOW-INTEREST LOANS TO COFFEE
GROWERS--AND INTENSIFIED TECHNICAL ASSISTANCE. ANACAFE
OFFICIALS BELIEVE THE PROJECT MAY BE APPROVED AND PUT
INTO EFFECT BEFORE MID-1976.

(F) PRODUCTION INCREASE IS SOUGHT MAINLY THROUGH INCREASED
YIELDS BY INCREASE USE OF FERTILIZERS DUE ITS LOWER PRICE
BUT HINDERED BY INCREASING SCARCITY OF LABOR, PARTICULARLY
DURING HAVEST. TOTAL ESTIMATED AREA PLANTED IS INCREASING
1 TO 2 PERCENT YEARLY MAINLY ON LARGE PLANTATIONS.
MELOY

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Message Attributes

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Margaret P. Grafeld
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04 MAY 2006

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